Europe. Is. Finished.

-- Posted Friday, 4 November 2011 | Share this article | Source: GoldSeek.com

Thus far, my analysis of Europe has focused on the super-leveraged banking system (26 to 1). At these levels, even a 4% drop in asset prices wipes out equity. That alone warrants concerns of systemic risk.

The situation is not much better at non-Financial European corporations. Indeed, the debt situation is so endemic to Europe as a whole that corporate Debt to Equity ratios for ALL of the PIIGS as well as the supposedly fiscally conservative countries of France and Germany are TERRIBLE.

Country	Corporate Debt to Equity Ratios
Portugal	145%
Italy	135%
Ireland	113%
Greece	218%
Spain	152%
UK	89%
France	76%
Germany	105%

What I'm trying to point out here is that Europe's debt problems extend well beyond Greece's debt. Indeed, the entire European banking and corporate system is over-burdened with debt.

The situation is no better for European Sovereign states themselves, which are facing their own debt roll over issues at a time when investors are rapidly losing their appetite for sovereign debt.

To wit, Spain, Portugal, and Italy have all relied heavily on the ECB to buy their debt at recent auctions. **Germany actually just had a *failed* debt auction this morning**. And in *this* environment , these nations need to meet the following debt roll over obligations:

	Maturing Debt Plus Budget Deficit as a % of GDP	
	2011	2012
Portugal	21.6%	21.0%
Italy	22.8%	23.1%
Ireland	19.5%	18.0%
Greece	24.0%	26.0%
Spain	19.3%	18.7%
UK	15.7%	13.6%
France	20.6%	19.7%
Germany	11.4%	10.5%

And this is just maturing debt that's due in the near future: it doesn't include unfunded liabilities.

Jagadeesh Gokhale of the Cato Institute puts the situation as the following, "***The average EU country would need to have more than four times (434 percent) its current annual gross domestic product (GDP) in the bank today, earning interest at the government's borrowing rate, in order to fund current policies indefinitely."***

As I said before, Europe is finished. The region's entire banking system is insolvent (with few exceptions). European non-financial corporations are running massive debt to equity ratios. And even EU sovereign states require intervention from the ECB *just* to meet current debt issuance, to say nothing of the huge amount of sovereign debt roll over that is due over the next 14 months.

Again… Europe. Is. Finished.

The Great debt Implosion will hit Europe within the next 14 months and likely much much sooner. When it dues, we will see numerous debt defaults and restructuring on both the corporate and sovereign levels. We're also very likely going to see significant portions of the European banking system collapse "Lehman-style" along with subsequent HUGE losses of capital.

The impact of this will be global in nature. The EU, taken as a whole, is:

1) The single largest economy in the world ($16.28 trillion)
2) Is China's largest trade partner
3) Accounts for 21% of US exports
4) Accounts for $121 billion worth of exports for South America

So if the EU banking system/ economy collapses, the global economy could enter a recession just based on that one issue alone (ignoring the other issues in China, Japan, and the US).

So if you have not already taken steps to prepare for systemic failure, you NEED to do so NOW. We're literally at most a few months, and very likely just a few weeks from Europe's banks imploding.

On that note, if you're looking for specific ideas to profit from this mess, my ***Surviving a Crisis Four Times Worse Than 2008*** report can show you how to turn the unfolding disaster into a time of gains and profits for any investor.

Within its nine pages I explain precisely how the Second Round of the Crisis will unfold, where it will hit hardest, and the best means of profiting from it (the very investments my clients used to make triple digit returns in 2008).

Best of all, this report is 100% FREE. To pick up your copy today simply go to: http://www.gainspainscapital.com and click on the ***OUR FREE REPORTS*** tab.

Good Investing!

Graham Summers

PS. We also feature four other reports ALL devoted to helping you protect yourself, your portfolio, and your loved ones from the Second Round of the Great Crisis. Whether it's my proprietary Crash Indicator which has caught every crash in the last 25 years or the best most profitable strategy for individual investors looking to profit from the upcoming US Debt Default, my reports covers it.

And ALL of this is available for FREE under the ***OUR FREE REPORTS*** tab at: http://www.gainspainscapital.com

-- Posted Friday, 4 November 2011 | Digg This Article | Source: GoldSeek.com

Previous Articles